

DIRECTORATE OF
INTELLIGENCE

Intelligence Report

The Economic Situation in South Vietnam (Weekly)

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The Economic Situation in South Vietnam
henceforth will be published biweekly. The next
issue of this publication will appear on 19 May 1969.

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CENTRAL INTELLIGENCE AGENCY
Directorate of Intelligence

The Economic Situation in South Vietnam

Summary

Despite a major setback caused by the 1968 Tet offensive, South Vietnam's industrial sector achieved a remarkable recovery. During the last six months of 1968 output of most major products surpassed the levels of the same period of 1967.

Data on retail prices in Saigon during the week ending 21 April have not yet been received. Free market dollar and gold prices were relatively stable, while the rate for scrip returned to a more normal level after a sharp decline the previous week.

ANNEX: Currency and Gold Prices (Graph)

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Principal Industrial Products

	<u>Unit of Measure</u>	<u>Jan-Jun 1967</u>	<u>Jan-Jun 1968</u>	<u>Percent Change</u>	<u>Jul-Dec 1967</u>	<u>Jul-Dec 1968</u>	<u>Percent Change</u>
Cotton Yarn	(000 m.t.)	3.4	1.7	- 50	4.0	2.7	- 32
Cotton Fabric	(mil mtrs)	21.4	8.2	- 62	21.7	20.3	- 6
Beer	(mil ltrs)	65.7	54.3	- 17	64.2	65.1	+ 1
Soft Drinks	(mil ltrs)	47.6	42.1	- 12	41.9	50.2	+ 20
Refined Sugar	(000 m.t.)	45.0	36.6	- 19	45.2	59.5	+ 32
Cigarettes	(000 m.t.)	4.8	5.0	+ 4	6.4	5.3	- 17
Cement	(000 m.t.)	88.8	39.7	- 55	91.9	105.0	+ 14
Paper	(000 m.t.)	9.6	7.3	- 24	11.2	12.3	+ 10
Electric Power	(mil kwh)	327.2	323.4	- 1	354.7	391.8	+ 10

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Industrial Production

1. South Vietnam's industry staged a remarkable comeback during the last half of 1968 as reconstruction got under way and normal business activity resumed. Production was down for the year as a whole, but during the last six months, output of most major products, except for textiles, surpassed the levels of the corresponding period of 1967. (See table.) The textile industry suffered the most damage during the 1968 Tet offensive. According to press reports, the two most heavily damaged plants--Sicovina and Vinatexco--will not return to pre-Tet 1968 levels of production and employment until sometime later this year.

2. As shown in the table, which includes products accounting for 75 percent of the weights used in calculating the official production index, production of most items during the first half of 1968 was below that of the corresponding period of 1967. Production also was below that of the first half of 1966. More than 100 industrial firms were either damaged or destroyed during the Tet offensive. All industry suffered loss of production time during the attacks and, subsequently, many firms lost manpower to the draft. Moreover, the general decline in business activity and consumer demand which lasted for several months following the February offensive also contributed to the decline in production. Data showing the magnitude of the decline for all industry are not yet available, but of the major products, only soft drinks, sugar, and electric power recorded gains for the entire year.

Currency and Gold

3. Free market dollar and gold prices were relatively stable during the week ending 22 April. The price of a dollar's worth of gold leaf was unchanged at 272 piasters per dollar, and the price of dollars increased only one piaster to 186 piasters per dollar. Gold and dollar prices currently are at their lowest levels since August 1968. After a sharp decline the previous week, the rate

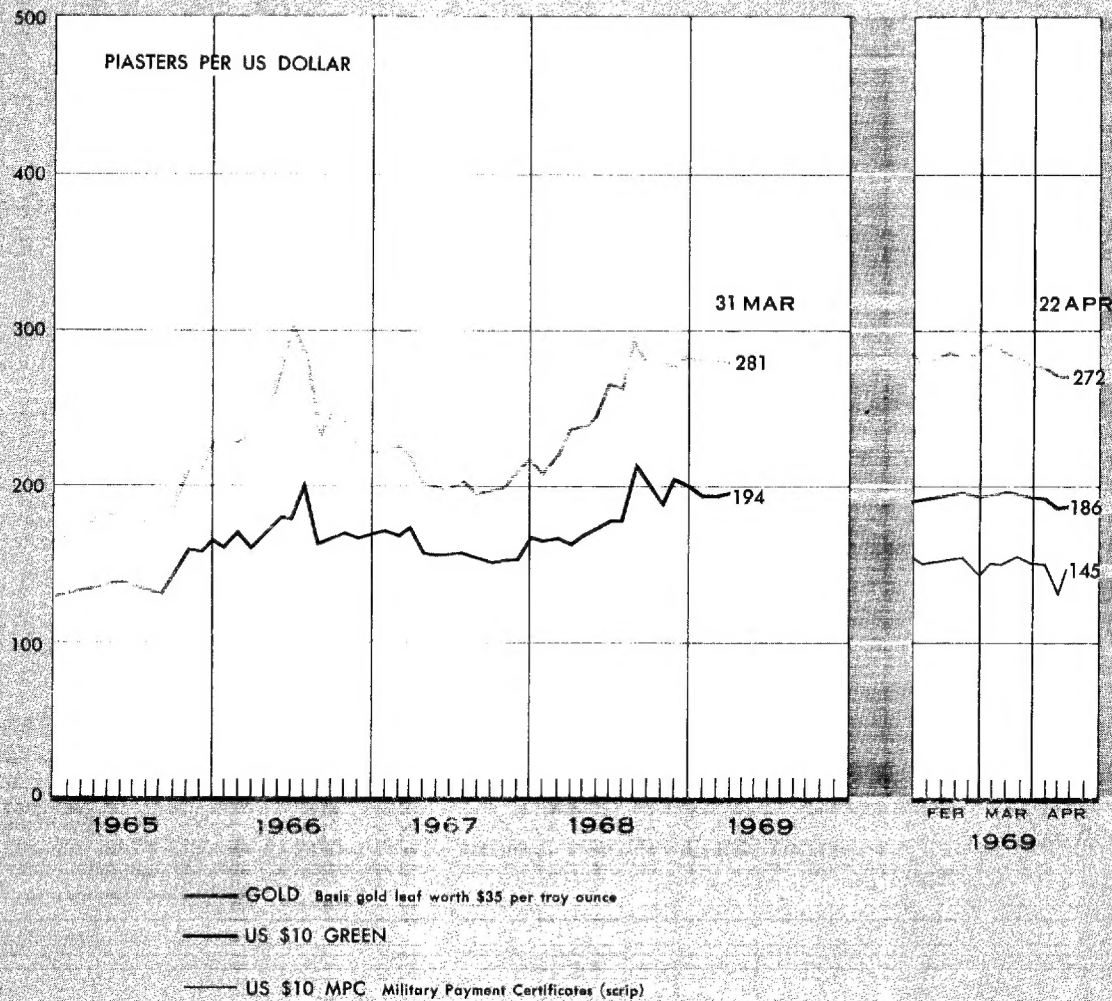
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for MPC (scrip) returned to a more normal level--
increasing 15 piasters to 145 piasters per dollar.
(A graph on monthly and weekly currency and gold
prices is included in the Annex.)

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Saigon Free Market Gold and Currency Prices



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